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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Second application of Pacific Gas and Electric Company for Approval of Agreements Resulting from Its 2014-2015 Energy Storage Solicitation and Related Cost Recovery	Application No. 16-04-024

GREEN POWER INSTITUTE RESPONSE TO SECOND APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY FOR APPROVAL OF AGREEMENTS RESULTING FROM ITS 2014-2015 ENERGY STORAGE SOLICITATION AND RELATED COST RECOVERY

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GREEN POWER INSTITUTE RESPONSE TO SECOND APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY FOR APPROVAL OF AGREEMENTS RESULTING FROM ITS 2014-2015 ENERGY STORAGE SOLICITATION AND RELATED COST RECOVERY

The Green Power Institute (GPI) respectfully submits this response to the ***Second application of Pacific Gas and Electric Company for Approval of Agreements Resulting from Its 2014-2015 Energy Storage Solicitation and Related Cost Recovery,*** mailed on April 29, 2016.

The Green Power Institute (GPI) is the renewable energy program of the Pacific Institute, a non-profit environmental and social advocacy group. Under the direction of Dr. Gregory Morris, the Green Power Institute performs research and provides advocacy on behalf of renewable energy systems and the contribution they make to reducing the environmental impacts of fossil-based energy systems. The Green Power Institute is located in Berkeley, California.

I. Comments on PG&E second RFO contract application

a. Consolidation

Due to the fact that the second application should have not been submitted separately, given the deadlines set by D.13-10-040, we urge the Commission to consolidate the present application with the first application submitted by PG&E and the other IOUs in March.

b. Length of contract

The proposed Stem contract is for only five years. We note that there are various reasons why Stem and/or PG&E might prefer a short-term contract over a ten, fifteen or twenty year contract, but we also see greater ratepayer and environmental benefits with longer-term contracts, and greater market transformation effects on the nascent storage market, with longer-term contracts. We request further explanation in this case for why the contract term is relatively short.

c. Online date

The Stem agreement is expected to come online by Sept. 1 2017 (PG&E Testimony, p. 2-7). GPI highlighted the very extended CODs for some contracts in PG&E's first application—up to May 2020—as being far too into the future to be considered "viable" in the manner required by AB 2514, so we appreciate and support the fact that the Stem contract has a much earlier COD.

d. Cost-effectiveness and PG&E's evaluation methodology

All storage procured pursuant to AB 2514 must be "viable and cost-effective." D.13-10-040 states (p. 55): "AB 2514 requires that energy storage targets and procurements must be 'viable and cost-effective.' To that end, we have devoted a great deal of attention and effort into formulating a cost-effectiveness approach that would be sufficient to meet Section 2836.2(d)." As PG&E's testimony in this application suggests, the evaluation that PG&E conducted on the chosen storage contracts was designed, at least in part, to examine whether the projects at issue had a positive Net Market Value (the benefits outweighed the costs). (PG&E testimony p. C-61, *et seq.*). However, nowhere in PG&E's application or testimony does it mention the cost-effectiveness criterion from AB 2514 or D.13-10-040.

Accordingly, we urge PG&E to clarify how its evaluation complies with AB 2514's cost-effectiveness requirement and the requirement in D.13-10-040 that each utility make a showing of cost-effectiveness in its application. The Net Market Value analysis is just one of ten or more criteria described by PG&E in its evaluation methodology, and there doesn't appear to be any summation of these criteria with respect to a net finding of cost-effectiveness. This application should include the cost-effectiveness methodology and this it doesn't do. In sum, there appears to have been some internal shift within the IOUs in translating the cost-effectiveness requirement of AB 2514 and D.13-10-040 into something different, but without explaining the rationale for doing so. At this point, it appears that PG&E's applications are thus not in compliance with D.13-10-040 and AB 2514 on this key point.

This issue may reduce, at least in part, to a matter of terminology but even if this is the case PG&E should be required to use the terminology that the Commission itself has used in its guidance in D.13-10-040 and that the law itself uses. We raised this same issue in our protest of PG&E's A.16-03-001 and PG&E did not provide a response in its reply.

This issue is highlighted further by the extreme confidentiality that the IOUs have pressed for, and the Commission has granted, with respect to their actual evaluation of bids and even the Consistent Evaluation Protocol (CEP), which the Commission originally designed for evaluation and benchmarking of bids in a manner that was consistent across each IOU. Now both the IOUs' proprietary evaluation process and the CEP are completely confidential, so the process for evaluating bids and the cost-effectiveness and viability of energy storage projects in this important program has, due to a number of Commission decisions on key issues, is tantamount to being opaque.

II. Conclusion

For the reasons described above, we urge the Commission to adopt the recommendations above.

Dated: May 31, 2016, at Berkeley, California.

Respectfully Submitted,

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